

complaint

Mr F complains that the amount he had to pay back under the terms of his loan agreement with British Gas Services Limited was not explained to him properly, and he would not have taken out the loan if he had known the amount he had to repay.

background

Mr F had a quote of approximately £5,000 for a replacement boiler and he was also provided with details of the finance package available to pay for the boiler. Mr F thought that the total amount repayable under the agreement was just over £6,000. This was the charge for credit, and the amount repayable under the agreement is just over £11,000. Mr F says that he would never have agreed to the finance if he had known the real cost of credit because the interest is more than the cost of the boiler.

The adjudicator recommended that the complaint should be upheld. He considered that the agreement was not clear because it did not state the total amount repayable. He concluded that, on balance, Mr F would not have signed the agreement if the total amount had been properly explained. He considered that the loan amount should be reduced to the figure that Mr F thought he had to repay. British Gas did not agree and responded to say, in summary, that it was not responsible for the loan document.

my findings

I have considered everything that Mr F and British Gas have said and provided in order to decide what is fair and reasonable in this complaint.

I agree with the adjudicator that the figures inserted into the loan document are confusing. The total amount repayable by Mr F is not recorded anywhere on the loan document. The £6,000 figure is underlined and next to the word "total". I consider it was reasonable for Mr F to conclude that this was the total amount repayable.

British Gas has said that the terms of the loan were explained to Mr F by its representative. I have seen no documents that confirm what was said to Mr F at the time. Mr F has said that he was not told the total amount repayable, and if he had been told he would not have gone ahead with the agreement. Mr F has explained that the boiler was for a rental property and it did not make economic sense for him to pay more than double the cost.

Where the evidence is incomplete or inconclusive, as is the case here, I must reach my decision on the balance of probabilities - that is, what I consider is most likely to have happened, given the evidence that is available and the wider surrounding circumstances.

I consider that on balance the total amount repayable under the agreement was not explained to Mr F. This error is compounded by the fact that the loan agreement is not clear and does not set out the total cost either. I consider that if the figures had been made clear to Mr F he would not have gone ahead with the agreement.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order British Gas Services Limited to reduce the loan amount by £4,973.79.

Emma Boothroyd
ombudsman